

# Post-Crisis Development Challenges: perspectives for Brazil and other BRICSs

Seminar Innovation, Development and the Global Crisis:  
BRICSs experience

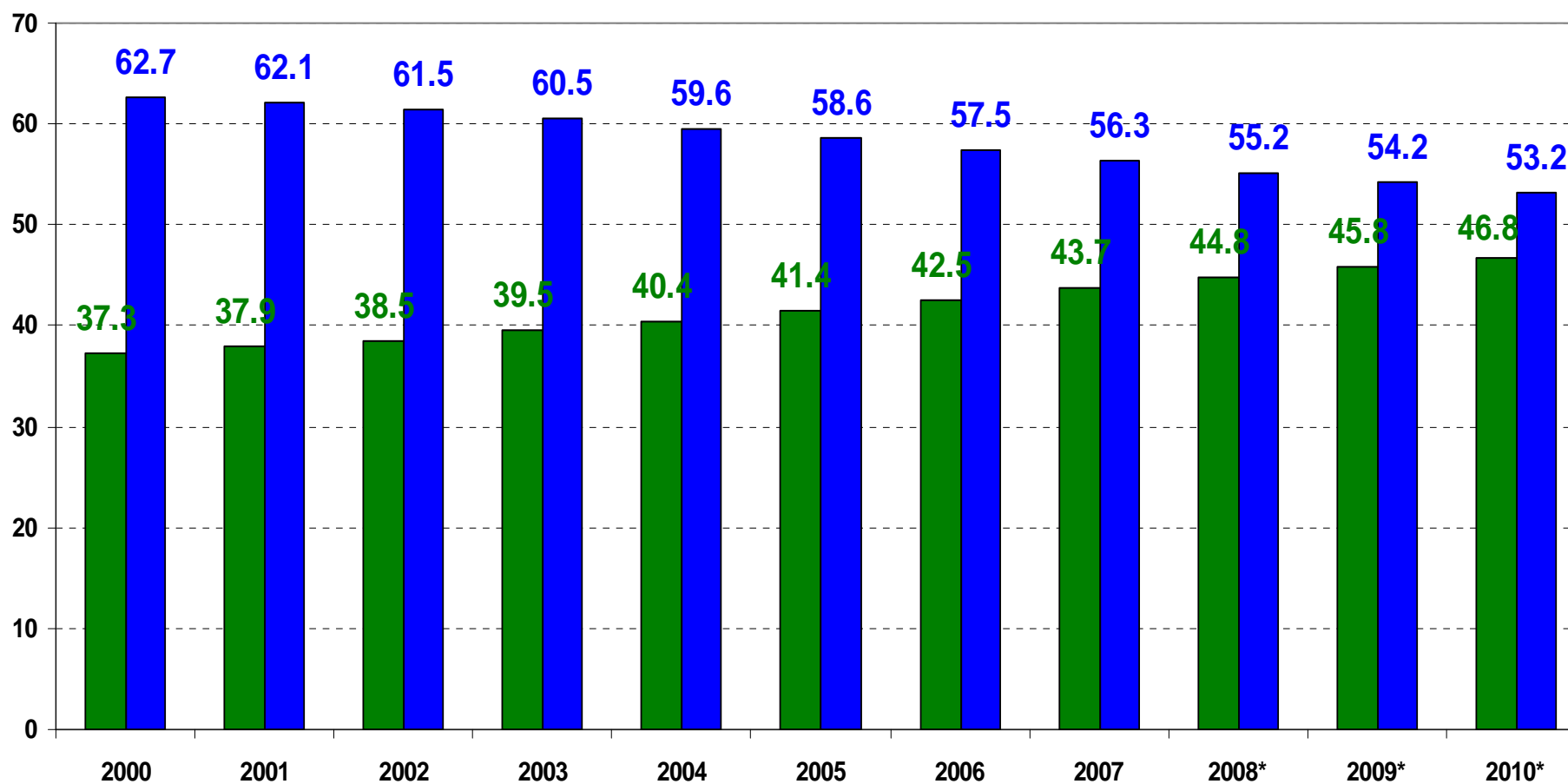
Rio de Janeiro, 16-17 November 2009

Luciano Coutinho



- Increasing participation of developing countries in the world economy is expected to remain in the coming years
- Developing countries with large domestic markets are less affected
- BRICS:
  - Expressive reserves and greater liquidity
  - Domestic markets with huge potential
  - Participation in international trade
- A situation never seen before: these countries have contributed to alleviate the crisis and to reveal new development alternatives

## World GDP



Source: IMF

■ Emerging and Developing

■ Developed

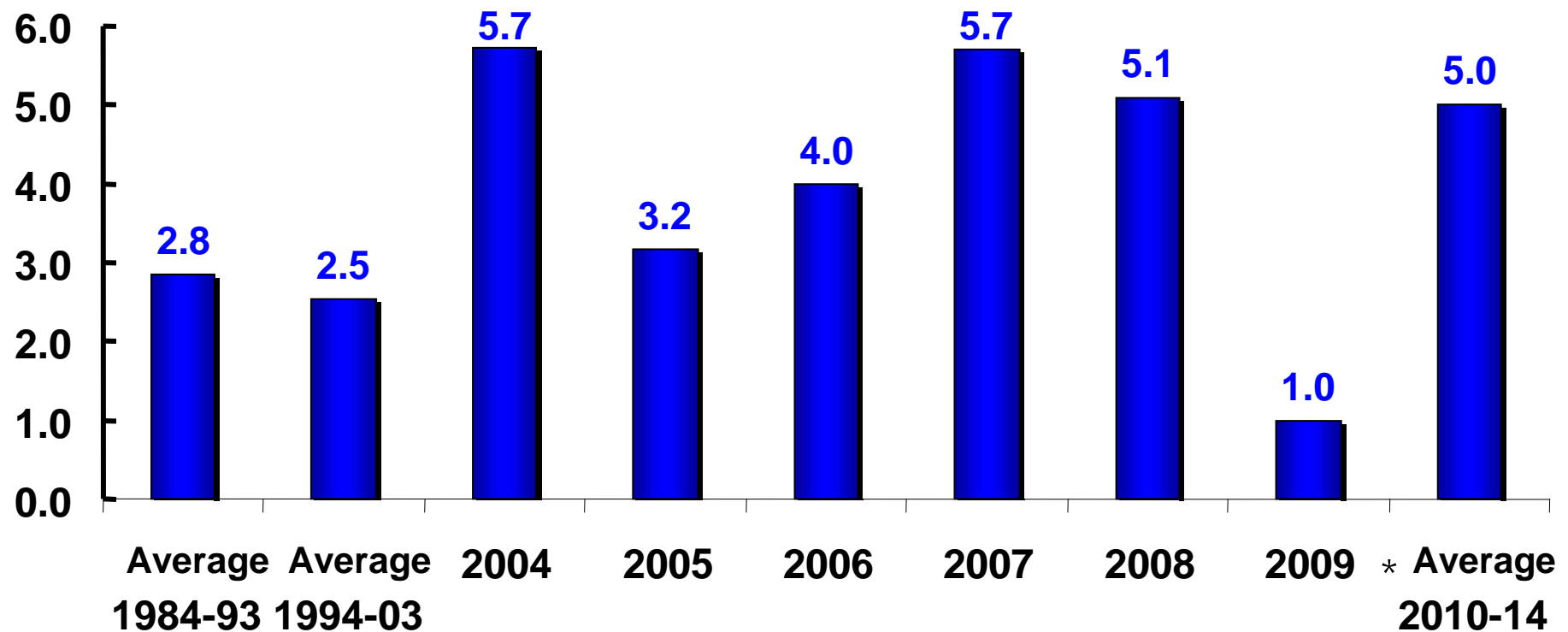
- ✓ Sound financial system
  - ✓ operating under effective regulation and ready to expand credit with falling spreads
  - ✓ presence of major public banks,
- ✓ Pro-active investment policies with high yields and low risk projects
- ✓ Low leverage in the private sector, with many companies prime to expand
- ✓ Monetary and tax policies with anti-cyclic capacity
- ✓ High level of reserves
- ✓ Low external vulnerability
- ✓ Investment grade

- ✓ Investments will be driven by four main systems: oil & gas, electric power, logistics and residential construction
- ✓ Domestic market will make the expansion feasible: basic household consumption, housing and durable goods
- ✓ Opportunities for intensive strategies in innovation and social and environmental sustainability
- ✓ The need to resume and qualify long-term planning
- ✓ Promoting and stimulating domestic savings, providing long-term financing sources, developing the capital market
- ✓ Developing the capacity for innovation and competitiveness in the Brazilian production systems: renewable energy sources, health, ICTs

GDP is expected to grow 5% p.a. in the 2010-2014 period



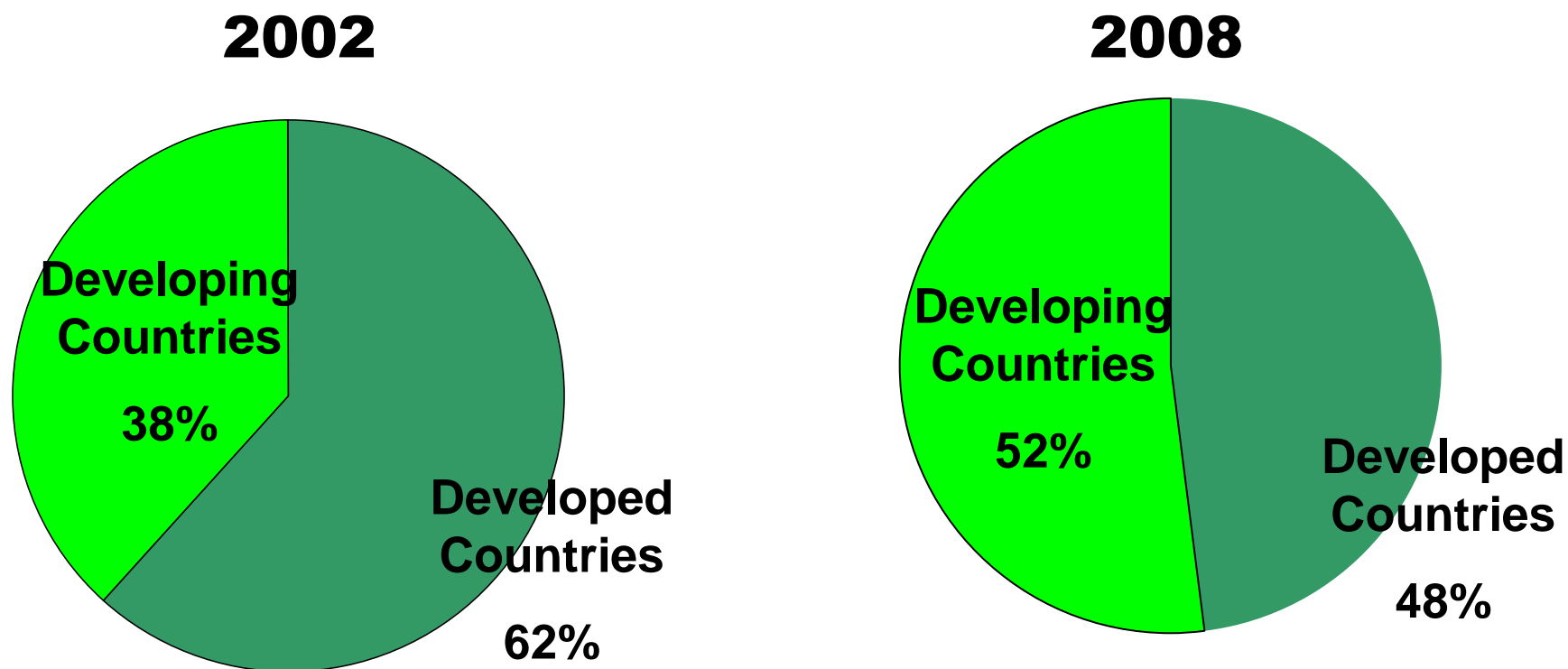
GPD: Annual Real Variation (%)



\* 2009 and Avg 2010-14: BNDES' Forecasts.

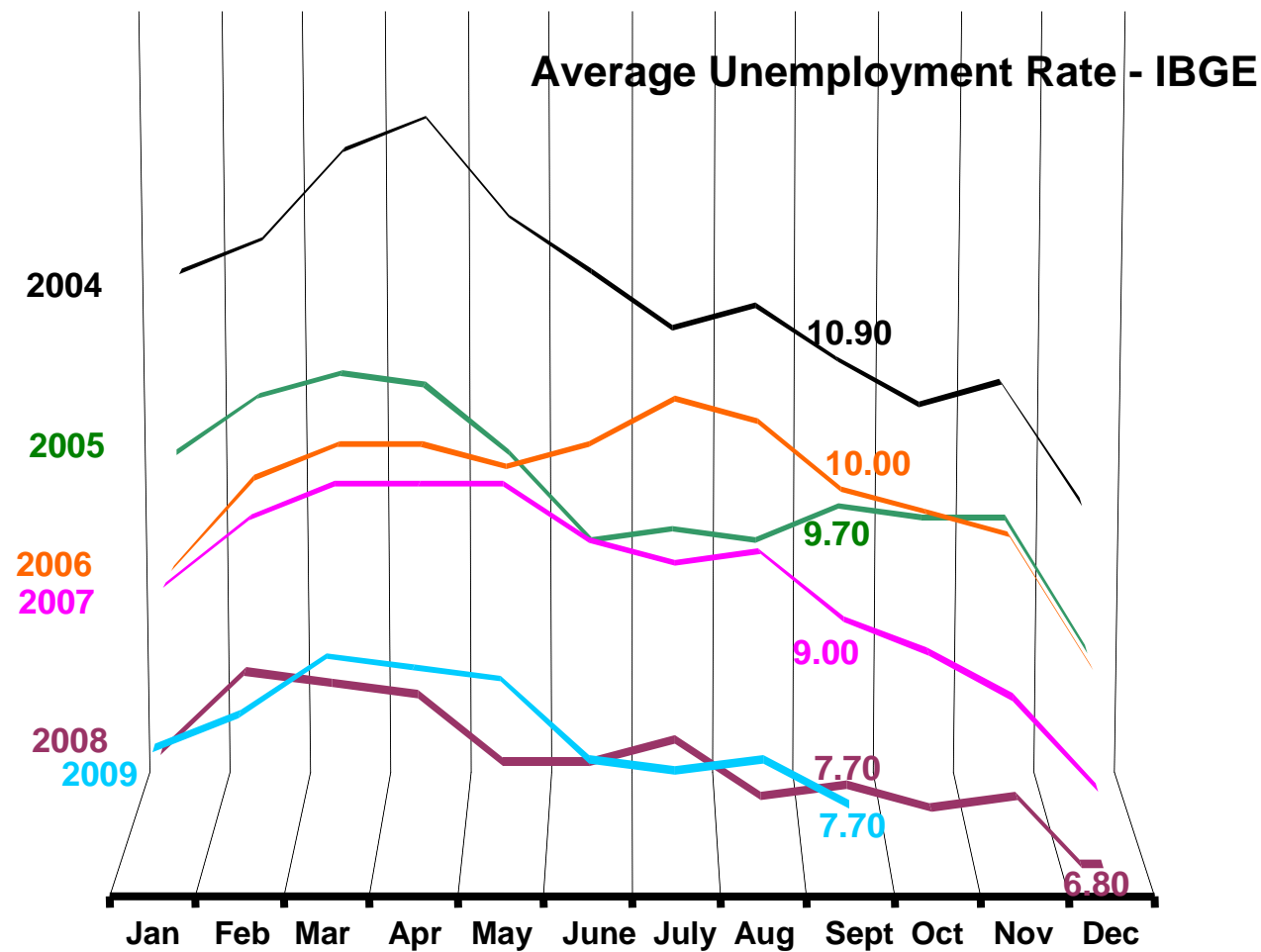
Sources: IBGE and BNDES.

✓ Brazil has taken an important role in the agenda of developing countries that were less affected by the crisis and are expected to show higher growth levels in the years to come



# Unemployment rate fell...

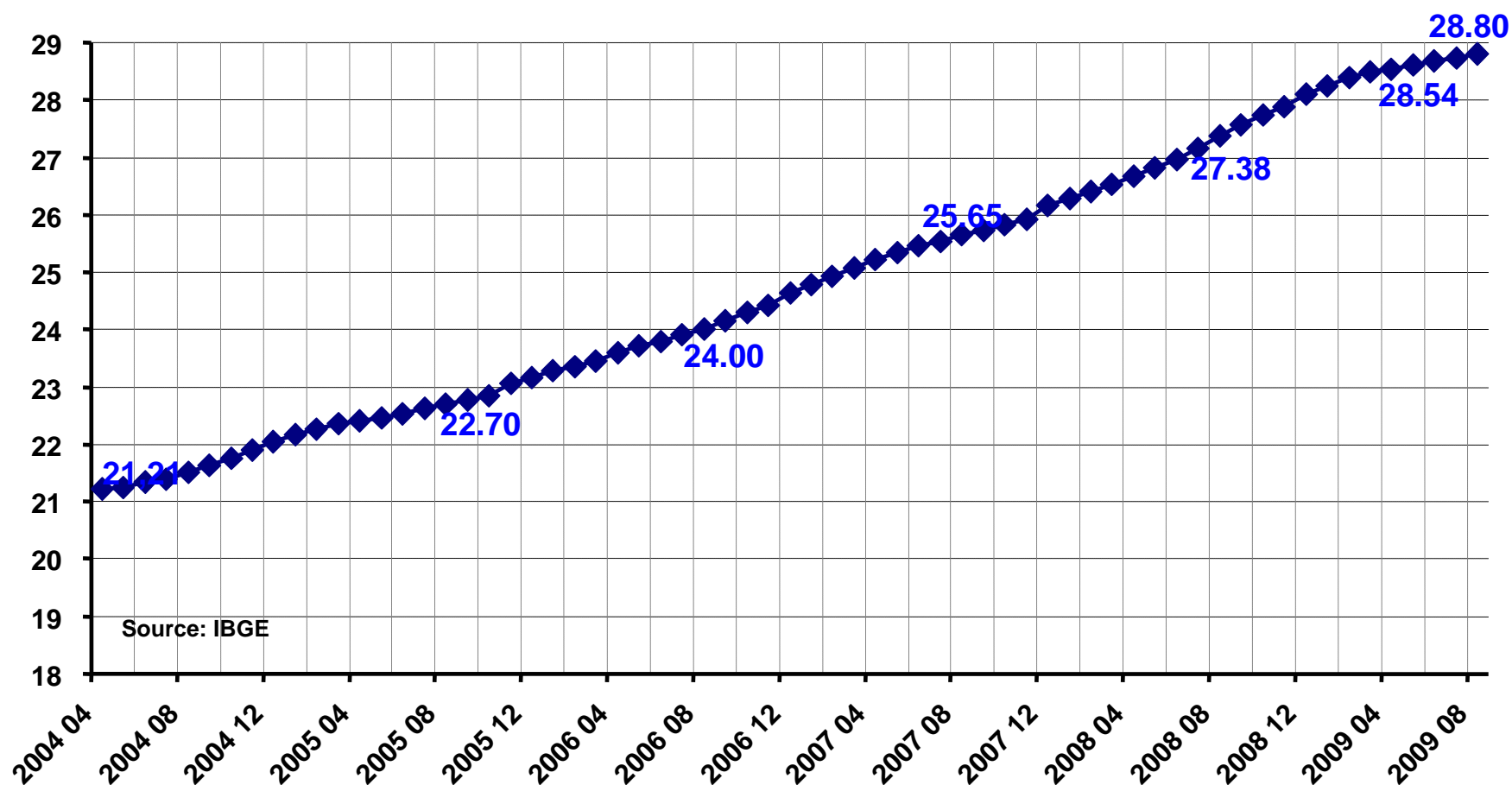
Unemployment rate down from 10.9% in Sept./04 to 7.7% in Sept./09





...and wages increased

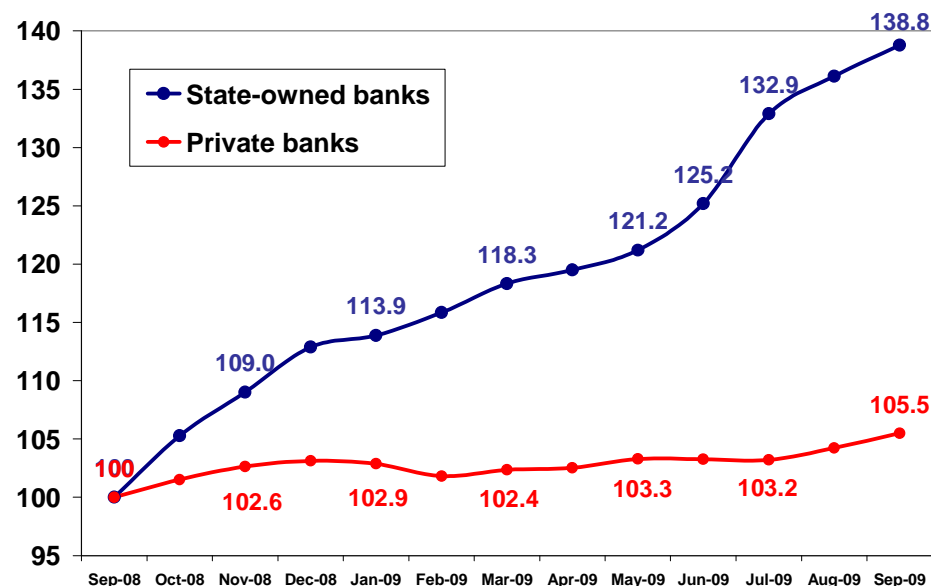
**REAL WAGES – Average for the last 12 months**  
**R\$ billion**



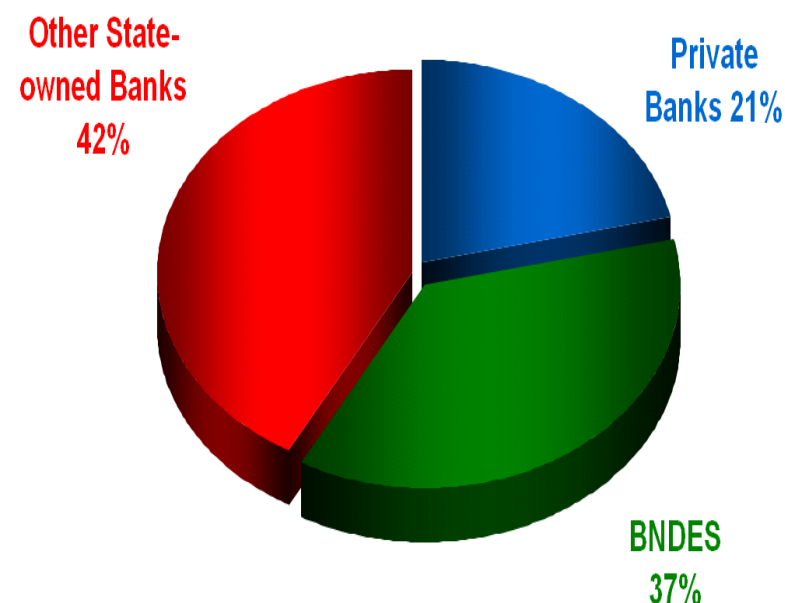
# Public banks sustained credit after the crisis



Credit Growth  
(Index September 2008 = 100)



Contribution to Credit  
Growth (Sep/08-Sep/09)



The BNDES alone was responsible for 37% of the increase in credit from Sep/08 to Sep/09

# BNDES' weight compared to international financing agencies



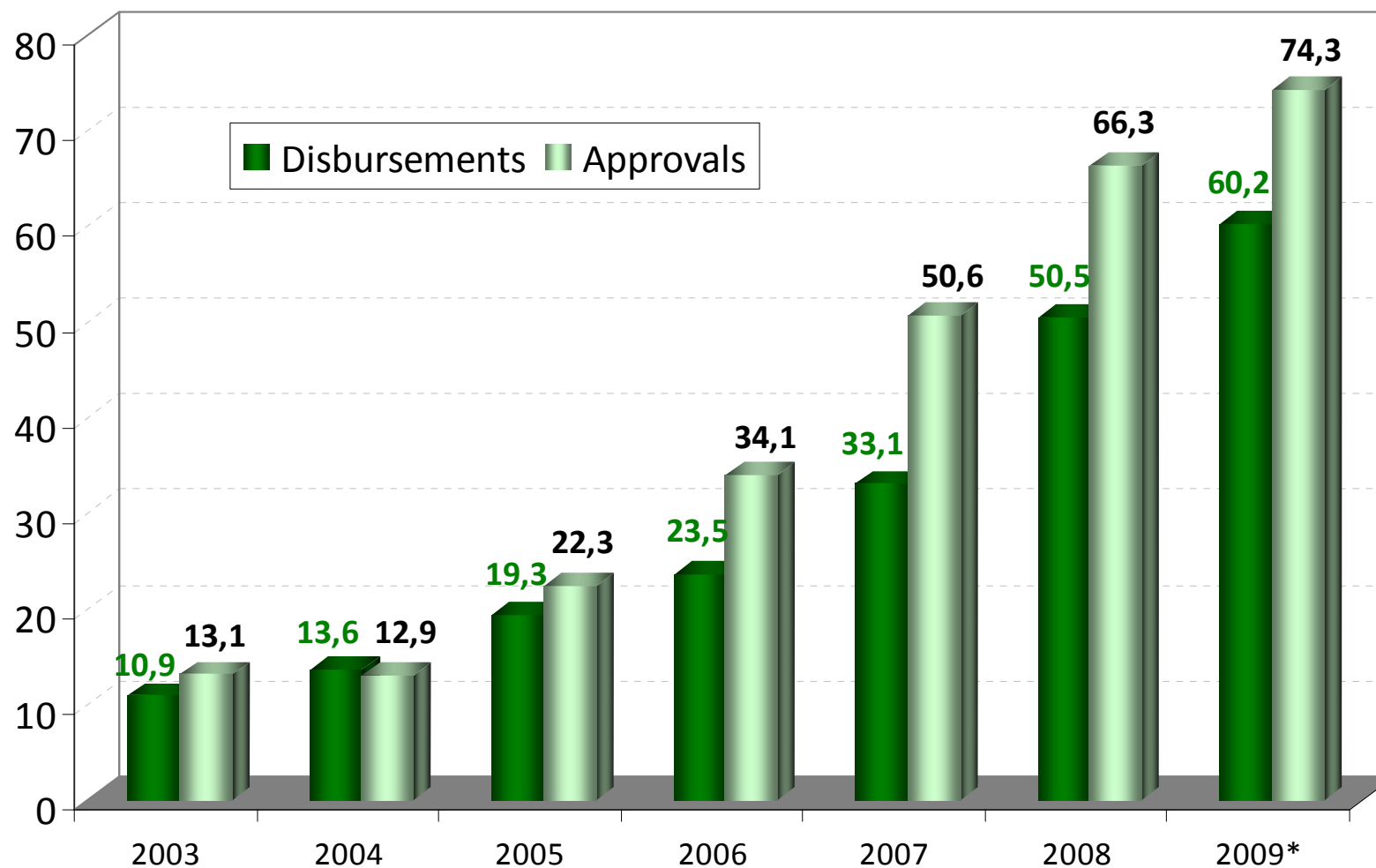
US\$ million	BNDES	IDB	IBRD	CAF
	Dec 31, 2008	Dec 31, 2008	Dec 31, 2008	Dec 31, 2008
Total Assets	118,564	72,510	275,420	14,274
Loan Disbursements	49,791	7,149	18,564	5,292
Total Loans	92,422	51,173	105,698	10,184
ROE	21.2%	-0.11%	8.0%	7.2%

IDB = Inter-American Development Bank

IBRD = The International Bank for Reconstruction and Development (World Bank)

CAF = Corporación Andina de Fomento

BNDES' approvals and disbursements (US\$ billion)



\* 12 months up to October 2009

- ✓ Creation of the Office and Committee for local production systems, regional development, innovation and socio-environmental development CAR-IMA in November 2007

### Main Purposes

- Contribute to incorporating a systemic vision and priority to regional development
- Bring BNDES' operational areas together
- Propose new policies and instruments

1. Support to **structuring projects and their surrounding** areas, mainly in developing regions, in order to disseminate and foster development, by encouraging:
  - Enhancement of local production and innovation systems and adding value to goods and services locally produced
  - Commitment of large and medium companies to locally-integrated socio-economic, environmental and institutional development
2. Support for **state plans** that emphasize integrated long term development of marginalized regions of Brazil

Commissioned study involving 180 Brazilian researchers - due to January 2010

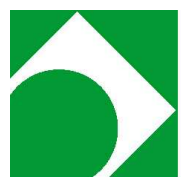
## Main Purposes

- Consolidate knowledge on identification and mapping of local production and innovation systems in 22 Brazilian states
- Assess existing support policies and provide means to design and improve policies for these systems in Brazil

Opportunities to design and implement proper policy models geared towards **in-depth, inclusive, cohesive and sustained development** and that:

- ✓ put in its center the capacity to create, acquire and use knowledge and innovation
- ✓ foster environmental development mobilizing renewable energies and low-carbon economies
- ✓ integrate national, regional and local development priorities within a long-term perspective
- ✓ recognize and mobilize production and innovation systems taking full advantages of BRICS diversities
- ✓ reinforce developing countries complementarities, cooperation and synergies





**BNDES**

*O banco nacional  
do desenvolvimento*

